

THE CENTERS FOR MEDICARE AND MEDICAID SERVICES (CMS)

DURABLE MEDICAL EQUIPMENT (DME)

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AGENDA

- CMS Coverage Policy for DME
- CMS Payment Policy for DME
- Coding system for items and services
- Inter-agency collaborations
- Q&A

DME BENEFIT STATUTORY DEFINITION

Section 1861 (n) of the Social Security Act provides the following provisions regarding DME:

1. DME includes such items as iron lungs, oxygen tents, hospital beds, and wheelchairs (may include a power-operated vehicle that may be appropriately used as a wheelchair.)
2. DME is used in the patient's home

DME BENEFIT REGULATION

DEFINITION – 42 CFR

414.202

- DME benefit coverage is defined as equipment that is furnished by a supplier or a home health agency that:
 - Can withstand repeated use,
 - Is primarily and customarily used to serve a medical purpose,
 - Generally is not useful to the individual in the absence of an illness or injury, and
 - Is appropriate for use in the home.

DME BENEFIT REGULATION

DEFINITION – CFR 424.57

1. The Federal Regulations state specific supplier standards (CFR 424.57) including:

- ✧ Furnish item to individual and deliver it
- ✧ Answer questions and respond to complaints
- ✧ Refer beneficiary w/ questions to carrier
- ✧ Maintain/replace at no charge or repair item
- ✧ Accept return of substandard items
- ✧ Disclose these standards to beneficiaries.

MEDICARE CARRIERS MANUAL

- Section 2100.1 of the Medicare Carrier Manual (MCM) provides information regarding items that do or do not meet the definition of DME:
 - DME must be considered durable – can withstand repeated use.
 - DME does not include expendable items such as incontinent pads, catheters, ace bandages, and irrigating kits are not covered.

MEDICARE CARRIERS

MANUAL

- *DME is medical equipment which is primarily and customarily used for medical purposes and is not generally useful in the absence of illness or injury.*
- Examples of medical equipment:
 - ✧ Wheelchairs
 - ✧ Hospital beds
 - ✧ Walkers

MEDICARE CARRIERS MANUAL

■ Examples of *nonmedical equipment* include:

- ✧ Humidifiers
- ✧ Electric air cleaners
- ✧ Stairway elevators
- ✧ Exercycle
- ✧ Training equipment
- ✧ Safety grab bars

DME COVERAGE POLICY

Medicare's policy for coverage:

- ✧ National Coverage Determination (NCD)
 - Benefit Category Determination (BCD)
 - Reasonable and necessary
(1862 (a)(1)(a))
- ✧ Local Medical Review Policy (LMRP)

CMS AND FDA'S CLASSIFICATION OF DEVICES

- FDA implements Federal Food, Drug, and Cosmetic Act to classify medical devices
- CMS implements Social Security Act to classify medical devices

DME PAYMENT POLICY

- Medicare's policy for payment.
- ✧ Reasonable charges (usual and customary)-was replaced by the current fee schedules-are based on avg. reasonable charges from 1986-87.
- ✧ Updated using a factor specified by law

DME PAYMENT POLICY

- If there is no data available for pricing of an item, Gap Filling is used to establish the fee schedule amount.

DME PAYMENT POLICY

- Inherent Reasonableness (IR) is the authority provided by the statute to establish new payment amounts when the fee schedule methodology results in unreasonable payment amounts.
- CMS is currently prohibited from using this authority until it publishes a new final rule on this process.

CODING

- Healthcare Common Procedure Coding System (HCPCS).
- National coding system which is managed by three parties:
 - ✧ BlueCross/BlueShield
 - ✧ Health Insurance Association of America
 - ✧ Centers for Medicare and Medicaid Services

CMS INTER-AGENCY COLLABORATIONS

- VETERANS ADMINISTRATION (VA)
 - Pricing for items and devices compare VA and Medicare payments for use in making IR determinations.
- FDA
 - An example of how CMS has in the past worked with other organizations and agencies is by the establishment of the Investigational Device Exemption (IDE).

QUESTIONS AND ANSWERS?